PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT
★ 1986 ★

2013 Annual Report

Reliving the Edsa Spirit

Cover Story

After the EDSA People Power revolution in 1986, there was a resounding cry from a majority of Filipinos: "Never again!" The PCGG was entrusted with the mission of carrying out the enormous task of recovering ill-gotten wealth for the Republic. Throughout its 27-year existence, the PCGG has been subjected to criticisms relating to its apparent failure to deliver on its three-fold mandate as well as its excesses. While there were those who performed their jobs with integrity and dedication, it is unfortunate that there were also instances of abuses, incompetence and corruption which tarnished the Commission's image in the eyes of the Filipino people. To reverse the slide and rekindle the passion that attended the PCGG's creation, the present leadership is seeking to re-infuse the organization with the EDSA spirit. This will be a recurring source of strength for the PCGG as it pushes forward to accomplish its unfinished task.

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Acknowledgement

Cover photos: www.gelsantosrelos.typepad.com

UCPB building photo: UCPB

Monet's painting: Reuters

Scholars: COCOFOUNDATION

THE PCGG MANDATES

The Presidential Commission on Good Government (PCGG) was created by President Corazon C. Aquino on 28 February 1986 through the issuance of Executive Order No. 1, s. 1986. This law, predating even the 1987 Philippine Constitution and recognized as the first official act under the Aquino administration, is the symbolic first step in the transition from tyranny to democracy, and the institutionalization of the Filipino people's aspiration for genuine democracy and desire for good government.

The fact that the PCGG was created by President Corazon Aquino, in the exercise of her executive and legislative powers, puts it in a unique position. A rare confluence of factors in Philippine politics – enabling environment conducive to change, political will, and popular support – made its creation possible. The PCGG, a quasi-judicial agency, has three mandates:

1. The recovery of ill-gotten wealth accumulated by former President Ferdinand E. Marcos, his family, relatives, subordinates and close associates, whether located in the Philippines or abroad, including the takeover or sequestration of all business enterprises and entities owned or controlled by them during his administration, directly or through nominees, influence, connection or relationship;

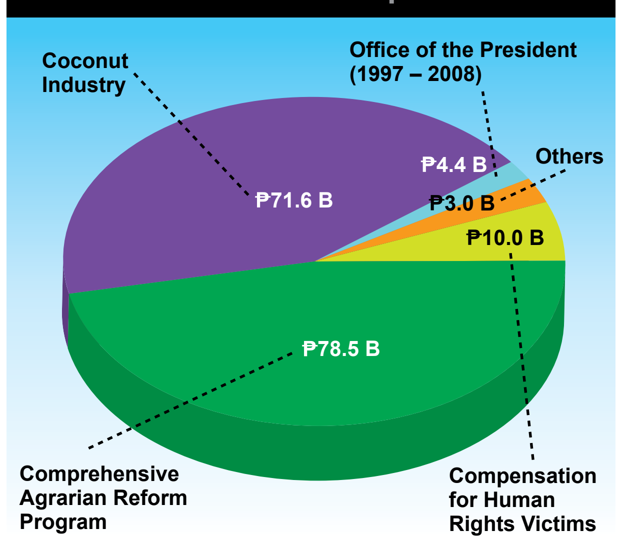
2. The investigation of such cases of graft and corruption as the President may assign to the Commission from time to time; and

3. The adoption of safeguards to ensure that the above practices shall not be repeated in any manner under the new government, and the institution of adequate measures to prevent the occurrence of corruption.

Your Presidential Commission on Good Government (PCGG) delivered yet another strong performance in 2013 as it continued to follow through and build on the reforms initiated three years ago. We aimed to strengthen accountability in our operations and sharpen the agency's focus on its primary mandate of recovering public funds diverted for private gain by former President Ferdinand E. Marcos, his relatives and associates.

The institution had somehow lost its way and the public's trust over the years, and needed to relive the EDSA Spirit to regain the crusading zeal that characterized its creation 27 years ago. In fact, there have been persistent calls for its abolition. Faced with serious challenges to its credibility and relevance, the present Commission instituted in 2010 far-reaching organizational changes and formulated strategic thrusts to be pursued. We streamlined our structure and processes, weeding out the deadwood that had added layers of bureaucracy and stifled decision-making and action in the past. We beefed up our litigation, research and asset management teams with young, idealistic but experienced professionals who shared our ideals and sense of urgency.

How the ₱166.2 Billion were/will be spent



Our remittance to the National Government reached ₱631 million in 2013, exceeding our target by 40 percent. This was accomplished by obtaining higher bids on the sale of recovered real estate, generating better returns and rental income from businesses and properties being managed pending final disposition.

These accomplishments put the PCGG on track to repeat as Best Agency in 2013, an honor it received in 2012 for turning in the best performance against budget among the 11 attached agencies and offices of the Department of Justice (DOJ).

Last year's remittance brought to ₱166.2 billion the total returned by the PCGG to the national coffers over the last 27 years. A substantial portion or ₱73.7 billion represented recoveries made between 2010 and 2013.

In 2013, we scored major legal victories that can lead to the recovery of more stolen public funds. As of the end of 2013, the Commission is still nursing approximately ₱15 billion of properties that are up for privatization and another ₱30 billion to ₱50 billion in assets that are still tied up in litigation.

We also strengthened our oversight of sequestered and surrendered companies under our stewardship, seeing to it that they either increase their revenues, cut their costs or reduce their net losses at year end.

In all candor, some of these companies were poorly managed in the past, which is one of the reasons for the decline in the PCGG's credibility. We put a stop to this by making their management more responsible for the financial bottom-line and accountable to their public clients and stockholders.

Beneficiaries of the PCGG Recoveries

Many Filipinos are either unaware or do not fully appreciate the social impact of the PCGG's work. Unbeknownst to them, the Commission has provided substantial funding for the Comprehensive Agrarian Reform Program (CARP), one of the social justice measures of our Constitution.

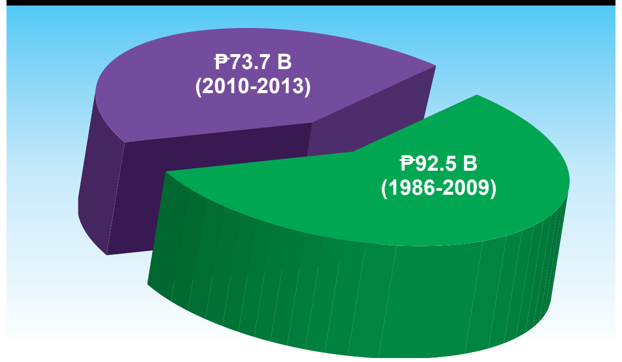
Close to three-fourths of the P631 million we remitted to the Bureau of Treasury in 2013 or P459 million went to CARP. The balance of P172 million was deposited to an escrow account since the earnings came from assets that are still being legally contested.

Since its inception, the PCGG has provided P87.2 billion to CARP to finance rural electrification, the construction of farm-to-market infrastructures, post-harvest facilities, school buildings and potable water supply systems, the provision of credit assistance and scholarship grants, and the conduct of extension and training services in the countryside.

Some 500,000 farmers and their dependents belonging to 5,053 rural organizations in 1,784 Agrarian Reform Communities are benefitting from these projects.

In addition, the PCGG has transferred to the Department of Agrarian Reform (DAR) a total of 3,057 hectares of agricultural land in Cavite, Laguna and Biliran, which were distributed to farmer- beneficiaries in these provinces.

Recoveries from 2010-2013 vs. Total Recoveries



The proceeds of the redemption of the SMC preferred shares, amounting to ₱71.6 billion including interests, have been earmarked for the promotion and development of the coconut industry and the uplifting of the conditions of coconut farmers.

Such projects will improve not only the countryside but also the entire economy given that 68 out of the 79 provinces are coconut-producing and an estimated 25 million Filipinos derive their livelihood from the industry.

Also noteworthy is the fact that when the Commission remitted to the Bureau to the Treasury (BTr) the monies recovered from the Marcos Swiss accounts in January 2004, the amount of P10 billion was set aside to serve as the principal fund for a compensation bill.

In 2013, the PCGG welcomed the passage of the long-awaited compensation statute, known as the "Human Rights Victims Reparation and Recognition Act of 2013". The Commission has been consistent in its support for the compensation of the victims of human rights violations during Martial Law because it is a direct and clear acknowledgment of the Republic's moral and legal obligation to those who have suffered and those who, in the words of Rizal, "have fallen during the night." Aside from the compensation features, the Commission is also gratified by the various mechanisms of remembrance in the law. We believe that memorializing and commemorating historical facts are crucial imperatives if we are to avoid past mistakes while seizing the renewed opportunities of the present for our posterity.

All these will have a tremendous impact on our collective efforts to fight corruption in government.

Legal Victories

The slow grind of the justice system, coupled with the dilatory tactics employed by the defendants on the one hand and our overworked and sometimes compromised government lawyers on the other, have delayed the resolution of PCGG's recovery cases with some even dating back to 1986.

With patience and perseverance, a renewed vigor in pursuing the cases, and the full support of the Office of the Solicitor General (OSG), we are starting to make significant progress.

Last year, for example, we won favorable judgments on nine important cases, including the forfeiture of the assets of former NBI director Jolly Bugarin in favor of the Philippine government. This case is the Commission's first "womb to tomb" victory through the judicial system.

Also last year, we saw the criminal conviction of a Marcos associate, who had long eluded the PCGG's net. The New York State Court passed a guilty verdict on Vilma H. Bautista, the social secretary of the former First Lady, after she was caught selling a valuable painting belonging to the Philippine Government. The PCGG provided testimony at the trial in New York. Hopefully, the Vilma Bautista example will spur the local courts to act in the same expeditious manner. There are still 56 criminal cases and 217 civil, administrative and other related cases pending in various Philippine courts.

Sequestered Companies

Our mandate extends beyond recovery.

There are seven main sequestered and surrendered companies under the PCGG's ambit. Many had been underperforming previously owing to the lack of transparency, accountability and effective supervision.

Knowing that our mandate directs us not only to preserve but also to enhance the value of these assets, we instituted tighter controls and closer monitoring of their operations three years ago. We tasked their management to keep costs down and invest in the business to improve revenues and earnings.

2013: YEAR IN REVIEW

Based on unaudited figures, the sequestered companies posted a combined net income of P4.0 billion on total revenues of P26.8 billion in 2013. Except for a few, most of the sequestered companies posted positive results. The stellar performers were COCOLIFE and UCPB-CIIF Finance and Development Corp., which both recorded double-digit earnings growth. Bataan Shipyard and Engineering Co., which had been in the red until 2010, sustained its profitability.

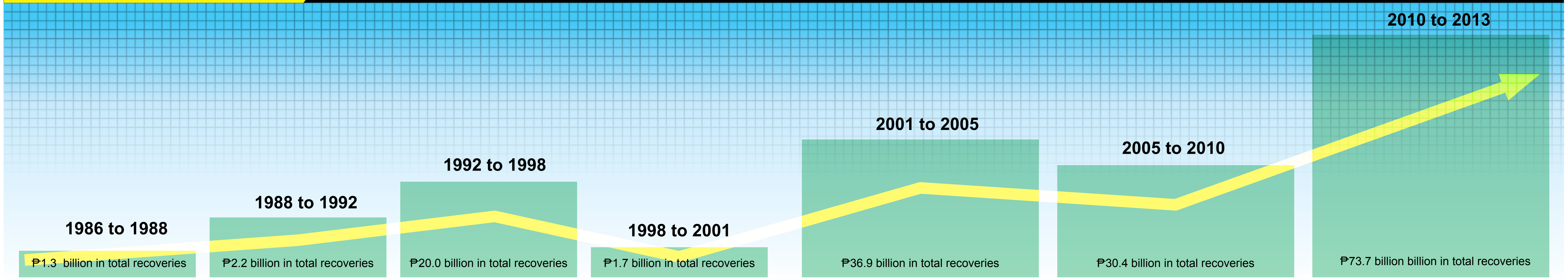
The financial health of these companies is critical because it enables Government to command a premium price when they are privatized.

Continuing Challenge

While PCGG had an excellent 2013, much work remains to be done. We know that we will continue to face serious challenges and hurdles as we pursue our mandate. We shall draw strength and inspiration from the People Power Revolution, which gave birth to the Commission. Knowing that the Filipino people risked their lives to oust the dictatorship, we shall endeavour to keep the spirit of EDSA alive and the aspiration for good government burning bright.

Andres D. Bautista
Chairman

Recoveries by period



OPERATIONS HIGHLIGHTS

The PCGG, a quasi-judicial body, is composed of a chairman and four commissioners. The present Commission has one unfilled commissioner position.

Each of the commissioners exercises direct supervision over a department. There are four departments performing clearly delineated and complementary roles in the recovery of ill-gotten wealth, namely, Research and Development, Legal, Asset Management, and Finance and Administration.

The Research and Development Department seeks out and investigates assets that the Marcoses had illegally acquired and hidden under the names of other persons or corporations here in the Philippines or abroad.

Once the assets have been identified and documented, the Legal Department, in consultation and close coordination with the Office of the Solicitor General, maintains the appropriate legal actions in court and handles the litigation, or negotiates their voluntary surrender to the Republic.

The recovered assets are placed under the care of the Asset Management Department, which ensures their preservation, proper administration and eventual disposition under terms favorable to the National Government.

The Finance and Administration Department sees to it that the three frontline departments are adequately staffed, provided with sufficient resources and supported with the necessary logistics to carry out their tasks.

The reforms instituted in 2010 had greatly enhanced the synergy among these departments, enabling them to achieve a greater efficiency and effectiveness than in previous years. Following are some of the major accomplishments last year.

West LB Fund Recovery

In 1997, the Swiss Federal Supreme Court ordered that the secret Marcos accounts hidden in Swiss banks be transferred to the Republic of the Philippines, subject to certain conditions and that their disposition be determined by a final enforceable judgment of the competent Philippine court. Among the conditions was that these accounts were to be placed under escrow with the Philippine National Bank (PNB) and could be reinvested only in banks with Standard & Poor's "AA" rating.

In July 2003, the Philippine Supreme Court in turn granted the forfeiture of the bank deposits. PNB immediately withdrew the funds in the various banks and remitted the same to the Philippine treasury, except for two West LB accounts that have not yet matured.

In September 2003, relying on a US judgment against the Marcos estate, the Pimentel class of human rights victims registered a claim with West LB, which in turn filed an interpleader in Singapore.

On August 10, 2012, Judge Andrew Ang of the Singapore High Court sustained the claim of PNB which, according to the decision, acquired legal title to the funds via the Escrow Agreements (with the Republic).

On 30 December 2013, the Court of Appeal affirmed the High Court judgment. This is a favorable outcome as PNB holds legal title to the funds on behalf of the Republic.

Forfeiture of the Jolly Bugarin Properties

The Jolly Bugarin case had dragged on 27 years. Even though the pieces of evidence presented against the former NBI Director were many and clear, his lawyers managed to delay its resolution for a long time by employing a slew of dilatory tactics.

The PCGG filed the case before the Sandiganbayan way back in August 1987 seeking the forfeiture of properties that Mr. Bugarin acquired from 1968 to 1980 on the ground that their value manifestly exceeded his lawful income.

Initially, the Sandiganbayan ruled in Mr. Bugarin's favor so the PCGG brought the case to the Supreme Court, which reversed and set aside the earlier decision in January 2002 and ordered the lower court to determine the properties to be forfeited in favor of the government.

It took four years or until April 2006 for the Sandiganbayan to order the forfeiture and the immediate issuance of a Writ of Execution pursuant to the High Court's decision. It took another seven years before the Writ of Execution was finally issued on June 2013.

The PCGG completed the transfer of the titles of the forfeited Bugarin properties to the Philippine Government last year. These include houses and lots in North Greenhills, Valle Verde and Capitol Hills, vacant lots in Tagaytay, Calapan and Puerto Galera as well as the recovery of a Makati Sports Club share.

Recovery of the UCPB Shares

Like the Jolly Bugarin forfeiture case, the suit to recover the United Coconut Planters Bank (UCPB) shares issued in the names of Mr. Eduardo Cojuangco and his nominees took decades to resolve. The shares represented majority and controlling interest in the bank, which, during the Marcos years, grew to become one of the biggest in the country.

In 1986, the PCGG sequestered the UCPB shares and filed a recovery case before the Sandiganbayan citing that coconut levy funds were used for their purchase.

The coconut levy was a special tax collected by the Philippine Coconut Authority (PCA) on the sale of coconut products during the Martial Law years from 1973 to 1981. Originally, the collection subsidized the domestic prices of coconut-based prime commodities, like cooking oil, to keep them from rising too high. Later on though, it was used to acquire private companies as well.

The PCA used part of the collection to purchase a 72.2-percent stake in First United Bank (FUB), a private bank later renamed UCPB, in 1975. 10 percent of the shareholdings were transferred to Mr. Cojuangco for brokering the sale and the rest distributed to various other persons and nominees including coconut farmers.

Given that only the state can impose taxes and the proceeds of such imposition should not accrue to any private entity, the suit to recover the UCPB shares should have been an open-shut case. However the Marcos government had issued presidential decrees declaring the coconut levy funds as private funds.

The court litigation took decades and it was not until November 2012 that the Supreme Court issued a ruling voiding the transfer of the UCPB shares to Mr. Cojuangco and the others, and declaring that the shares "belong to the plaintiff Republic of the Philippines as their true and beneficial owner." Almost another year passed before the ruling became final and executory in October 2013.

All told, the UCPB shares suit took 27 years to resolve. This, and the Jolly Bugarin forfeiture case, illustrate the difficulties the PCGG had to surmount to recover ill-gotten wealth – and its equally firm resolve to accomplish the task in tandem with the OSG.

Disposition of the Mapalad Property

In June 2013, PCGG successfully privatized, through a sealed public bidding, the 4,038-square meter Mapalad property along Roxas Boulevard in Parañaque City.

Ciriaco Realty, the winning bidder, paid P247 million for the vacant commercial-residential lot, exceeding by 14 percent the P216-million floor price set by the Privatization Council.

The Mapalad property used to be owned by Independent Realty Corporation (IRC), which businessman and known Marcos associate, Jose Campos, surrendered to the PCGG in 1986.

This is the third consecutive time that the PCGG has sold a recovered asset at a price considerably higher than the floor price. In 2012, the PCGG disposed of two properties in Baguio City, the 2,677-square meter Banaue Inn Compound and the 3,876-square meter Hans Menzi Compound, at a 33 percent and 150 percent premium, respectively.

This augurs well for the PCGG's future asset disposals. For 2014, it has lined up the privatization of 11 real estate properties and shares in six companies with an estimated combined value of ₱442.53 million.

PCGG Recovery Effort in NYC Related to Vilma Bautista Case

In the first half of 2011, officials of the New York District Attorney (NYDA) were apprised of the suspicious sale of a painting by Claude Monet. In conducting its investigation, the NYDA contacted the PCGG and requested for information on the missing art works allegedly owned by the Marcoses as well as on persons known to be close to them. The NYDA obtained constructive possession over bank accounts containing approximately US$15 million which form part of

the proceeds from the sale of the painting and seized other paintings from Ms. Vilma Bautista who was the New York-based social secretary and confidante of then First Lady Imelda Marcos.

The NYDA initiated grand jury proceeding in September 2012 to indict Ms. Bautista, et al., for criminal activity. Trial proper commenced in the first week of October 2013, with the PCGG testifying first for the prosecution. After a month-long trial, the jury – deliberating for less than three hours – returned with a guilty verdict for Ms. Bautista on all counts. She received a sentence of 2-6 years in state prison on the top count of tax fraud but has been granted a stay of execution pending her appeal.

The issue concerning the ownership of the paintings/proceeds as well as other assets purchased using the proceeds from the sale of the Monet's Water-Lily painting will have to be settled in civil court. The position of the Republic remains consistent – these assets were improperly obtained by the Marcoses with ill-gotten funds, through gross misuse of public office and in grave betrayal of public trust, and do not form part of the Marcos estate. They are therefore owned by the Republic and the Filipino people.

Records Management and Preservation and Human Resource Development Activities

The PCGG has accummulated voluminous data over the past 27 years. These could serve as a valuable resource in the continuing effort to bring about a clean and honest government.

To preserve the data for future generations and ensure that these could be readily accessed, retrieved and used in the ongoing asset recovery and court litigations, the Commission stepped up the pace of its records computerization in 2013.

The PCGG also continued investing in its human resource's capabilities, motivation and wellness during the year fully aware that a healthy, inspired and competent workforce will be critical to accomplishing the long and tedious task of recovering stolen assets.

Last year's human resource development thrust focused on key workplace concerns such as gender equality, promoting productivity, and enhancing professional and personal growth.

Accordingly, the Commission conducted various seminars and workshops on gender mainstreaming, economic empowerment, communication skills enhancement, information technology literacy, and health and healthy lifestyle. It also inked a memorandum of agreement with the National Kidney and Transplant Institute for the conduct of annual physical examination of PCGG employees.

Rated and Ranked 2013 Best Agency under the DOJ

People drive results and this has proven true for the PCGG. The human resource development initiatives and the steps to rekindle the EDSA spirit within the organization have reinvigorated the Commission.

The PCGG employees have regained their institutional pride and this has translated into better performance. Last year, the Commission received the award as the Best Performing Agency among the 11 government agencies under the Department of Justice (DOJ). The distinction recognized its feat in surpassing the priority targets of its 2012 key result areas by over 10,000 percent.

Based on the accomplishment reports for the Performance-Based Incentive System, and the evaluation criteria adopted, the DOJ has identified the Commission as Best Agency for 2013.

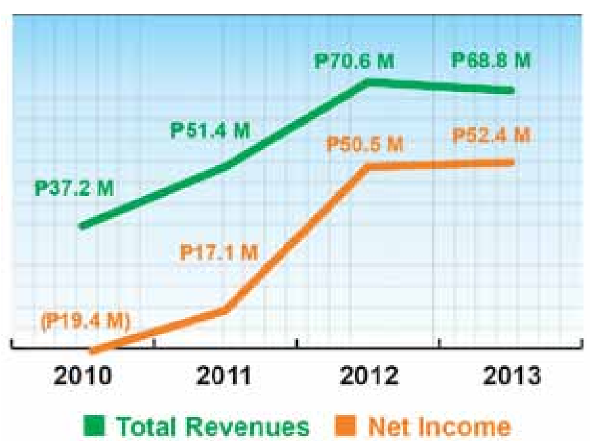
RESULTS OF PERFORMANCE OF SEQUESTERED/ SURRENDERED CORPORATIONS, CORPORATIONS WITH SEQUESTERED/SURRENDERED SHARES, AND ENTITIES WITH GOVERNMENTAL INTEREST

The sequestered and surrendered companies under the PCGG's stewardship continued their profitable run in 2013, posting a consolidated net income of ₱4.0 billion.

Over the three years that the present Commission has been implementing its reforms to strengthen corporate governance, these companies have generated total earnings of ₱11.27 billion or an average of ₱3.76 billion a year.

The following are the individual performances of the sequestered and surrendered companies last year.

Bataan Shipyard and Engineering Corporation (BASECO)



BASECO sustained its profitability in 2013, registering a four percent rise in net income, from ₱50.53 million a year ago to ₱52.41 million in 2013, even as revenues declined slightly from ₱ 70.64 million to P68.85 million during the period. It had been incurring net losses until 2010 when a new management was installed.

The company was incorporated in August 1972 as a shipbuilding, dry-docking and ship repair corporation. Alfredo Romualdez, a brother of Imelda Marcos, took over its reins after the declaration of Martial Law.

In 1986, the PCGG sequestered BASECO. Poor, selfish management led to the rapid deterioration of the company's financial condition.

To turn the company around, the PCGG put in a new management team that refocused its business activities to leasing out its properties in 2010. After a public bidding, the six-hectare Engineering Island at the mouth of the Pasig River was leased to the SMC Shipping and Lighterage Company, and following a compromise agreement with the Province of Bataan, a joint venture corporation was formed to manage the 300-hectare Mariveles property. The company returned to profitability in 2011.

Independent Realty Corporation (IRC)

IRC posted a net income of ₱44.32 million in 2013, up nine percent from ₱40.56 million in 2012, on the back of double-digit revenue growth during the year.

Total revenues increased 13 percent to ₱100.45 million from ₱88.77 million, bolstered by higher rental income and better yields on investments.

Earnings will increase even more dramatically should the court rule favorably on the ejectment cases filed by IRC against illegal tenants and non-paying former lessees occupying more than three-fifths of the prime 18.5-hectare Payanig property in the Ortigas central business district, which is valued at between ₱10 billion and ₱14 billion.

IRC was incorporated in 1967 to acquire, sell, lease, invest, and deal with real estate properties. Mr. Jose Y. Campos, confessed that he held the company on behalf of the Marcoses and voluntarily surrendered it and its subsidiaries to the PCGG in 1986.

United Coconut Planters Bank (UCPB)

Total revenues of UCPB increased by 27 percent, from ₱7.16 billion in 2012 to ₱9.09 billion in 2013, as the bank grew its deposit base and expanded its corporate and consumer loan portfolios during the year.

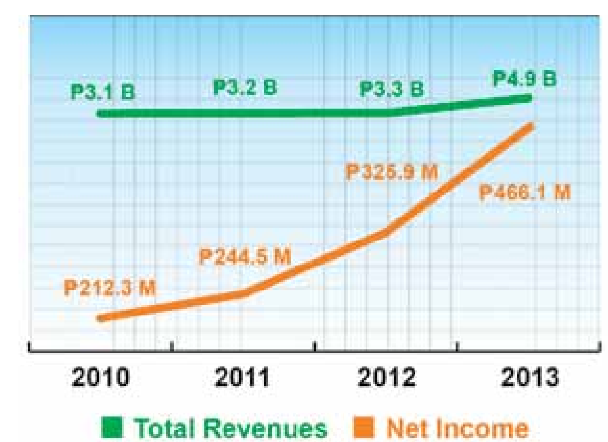
However, lower interest rates and higher cost of funds pulled down earnings by seven percent to ₱3.44 billion from ₱3.73 billion a year earlier.

The bank was established in 1963. A private group identified with Mr. Eduardo Cojuangco, Jr., used coconut levy funds to acquire a majority interest in the bank, purportedly for the coconut farmers, in 1975.

In 1986, the PCGG sequestered UCPB. Following the Asian financial crisis in 1997 and questionable transactions entered into by the management then, the bank started incurring heavy losses. It was not until the National Government stepped in with fresh funds in 2003 that its financial condition stabilized.

The Supreme Court ruled with finality in 2013 that the 72.2 percent of the bank that Mr. Cojuangco's group purchased in 1975 belongs to the Republic of the Philippines in trust for the coconut farmers and the coconut industry.

United Coconut Planters Life Assurance Corporation (COCOLIFE)

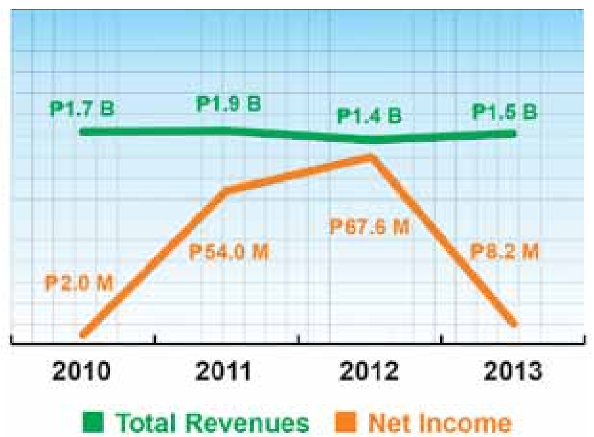


COCOLIFE had another banner year in 2013 as the stable performance of its investments coupled with strong growth of premium income from renewal and new businesses pushed revenues and earnings to record highs.

Total revenues surged 50 percent to ₱4.88 billion from ₱3.26 billion a year ago. During the same period, net income jumped 43 percent to P466.08 million from ₱325.92 million. This marked the third consecutive year that COCOLIFE posted double-digit earnings growth.

COCOLIFE sells life insurance policies and HMO services. The Coconut Industry Investment Fund (CIIF) acquired the company in 1978. In 1986, the PCGG sequestered it along with its subsidiary, UCPB General Insurance Corp.

UCPB General Insurance Company (UCBP GEN)



Buoyed by the robust growth of premium income across all product lines, UCPB GEN's total revenues increased nearly nine percent to ₱ 1.50 billion in 2013 from ₱1.38 billion in 2012. The company ranked eighth in premium income among non-life insurance companies last year.

However, net income dropped 89 percent to ₱8.21 million from ₱67.66 million due to unfavorable claims experience in the motor and property segments brought about by the rash of natural disasters during the year including Super Typhoon Yolanda.

The company is wholly owned by COCOLIFE. It underwrites motor, property, liability, casualty, marine and personal accident insurance policies and surety bonds.

Cocoplans, Inc. (COCOPLANS)

COCOPLANS saw its revenues drop 20 percent to ₱272.11 million in 2013, from ₱342.60 million in 2012, as negative consumer sentiment brought about by several high-profile corporate failures in the pre-need industry dampened sales of its products. As a result, its net income declined 84 percent to ₱7.54 million from ₱46.48 million a year ago.

The company, which is a wholly owned subsidiary of COCOLIFE, sells pension plans, educational plans and life plans. Demand for these offerings has been on a rollercoaster ride for the past four years owing to the problems facing the industry.

Chemfields, Inc. (CHEMFIELDS)

CHEMFIELDS rebounded from a net loss of ₱2.0 million in 2012 to post a net income of ₱0.4 million in 2013 as revenues recovered during the year driven by the increase of bioequivalence studies from three last year to 10 this year. Total revenues increased 75 percent, from ₱12.13 million to ₱21.18 million.

The company was established in 1975 and surrendered to the PCGG in 1986. It is the only pharmaceutical company in the Philippines that produces intermediate raw materials such as ampicilin and amoxicillin.

Through UST-Cedres, a joint venture company with the University of Santo Tomas, CHEMFIELDS also manages laboratory facilities and provides drug research and evaluation services for pharmaceutical companies.

UST-Cedres is one of only three pharmaceutical research centers in the Philippines. It is capable of conducting over 60 drug studies a year that comply with the World Health Organization's standards.

Its key services include bioavailability and bioequivalence (BA/BE), monograph (potency) and dissolution tests for local generics companies and clinical trials in partnership with leading pharmaceutical companies and Clinical Research Organizations (CROs).

United Coconut Chemicals, Inc. (COCOCHEM)

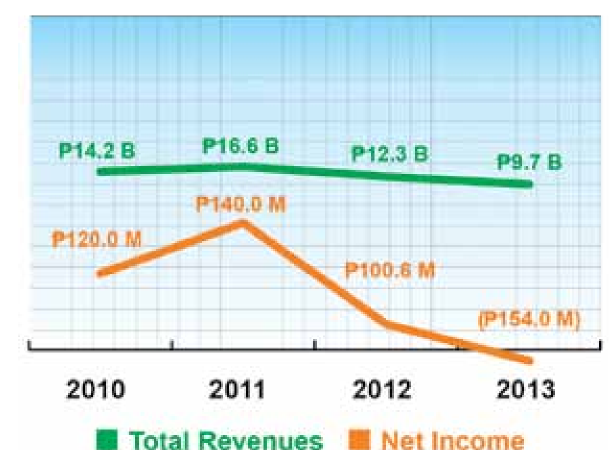
COCOCHEM's revenues fell anew from ₱1.32 billion in 2012 to ₱140.03 million in 2013 but for the first time in years, the company recorded a net income of ₱46.77 million. Last year's earnings came from rental income and cost savings in its operations.

The PCGG sequestered COCOCHEM in 1986. Established in 1985 with coconut levy funds, the company manufactured oleochemical products and sold them in the domestic and foreign markets. It used to be a major supplier of fatty alcohol and glycerine raw materials for the soap and detergent industry in the Philippines and had embarked on a program to diversify to foreign markets.

However, bad management decisions in the past eventually compelled the current board to direct the closure of its manufacturing facility in Bauan, Batangas.

To restart the company's operations, management has been looking for an outside investor. Last year, the company initiated talks with a foreign end-user of oleochemicals, which has expressed keen interest on leasing the plant, retooling its equipment and resuming operations.

CIIF Oil Mills Group (CIIF-OMG)



Hobbled by tight domestic copra supply, the depressed world commodity prices throughout

RESULTS OF PERFORMANCE OF SEQUESTERED/SURRENDERED CORPORATIONS, CORPORATIONS WITH SEQUESTERED/SURRENDERED SHARES, AND ENTITIES WITH GOVERNMENTAL INTEREST

2013, and the destruction of one of its oil mills by a fire, the CIIF OMG saw its revenues drop 21 percent to ₱9.70 billion from ₱12.34 billion a year ago.

As a result, the company incurred a net loss of ₱154 million in 2013. In the prior years, the company had been posting annual earnings in excess of ₱100 million.

The CIIF OMG trades copra and manufactures coconut oil and other coconut by-products for export and domestic consumption.

It owns six oil mills and refineries, namely,
1. Cagayan de Oro Oil Co., Inc. (CAGOIL);
2. Granexport Manufacturing Corp. (GRANEX);
3. Iligan Coconut Industries, Inc. (ILICOCO);
4. Legaspi Oil Co., Inc. (LEGOIL);
5. San Pablo Manufacturing Corp. (SPMC); and
6. Southern Luzon Coconut Oil Mills, Inc. (SOLCOM).

The Coconut Industry Investment Fund (CIIF) acquired five of the six oil mills from their foreign owners, between 1978 and 1980, as part of a government-mandated rationalization program for the local oil milling sector.

The CIIF OMG had near monopoly of the oil milling business during the Marcos era since no new mills were allowed to be opened.

UCPB-CIIF Finance and Development Corporation (COCOFINANCE)

COCOFINANCE delivered another strong performance in 2013 with total revenues rising to ₱103.98 million from ₱92.82 million in 2012. The 12 percent revenue growth lifted net income to ₱ 34.12 million, 23 percent higher than the previous year's ₱27.73 million.

The 2013 results reflect the vast improvement in the quality of the company's loan portfolio and collection efforts.

UCPB organized COCOFINANCE in 1994 with equity contributions from UCPB, COCOCHEM and the CIIF OMG to provide concessional credit facilities for small coconut farmers. UCPB could not provide such facilities itself owing to the regulatory restrictions on the credit risks it could take.

With the good performance, the company can expand its lending operations to help the coconut industry and develop more rural coco entrepreneurs.

UCPB-CIIF Foundation, Inc. (COCOFOUNDATION)

COCOFOUNDATION marked another milestone in 2013 as the number of graduates of its flagship scholarship program exceeded the 1,000 mark. The program supports the college education and trade skill training of children of small coconut farmers.

In 2013, it produced 74 more college graduates and 67 more vocational-technical graduates bringing to 1,009 the total since its launch in 2004.

Of the total who had graduated, 465 earned college degrees while 544 completed trade courses. Seventy-one of the college graduates received academic honors consisting of one *summa cum laude,* five *magna cum laude* and 65 *cum laude*.

RESULTS OF PERFORMANCE OF SEQUESTERED/SURRENDERED CORPORATIONS, CORPORATIONS WITH SEQUESTERED/SURRENDERED SHARES, AND ENTITIES WITH GOVERNMENTAL INTEREST

COCOFOUNDATION was established in 1987 to undertake social development activities in coconut communities. Funding for its development projects come mainly from donations and contributions of companies established by the coconut levy.

Last year, the Foundation received ₱23.9 million in fresh funds allowing it to award new grants to 198 scholars in 13 universities and colleges and 90 scholars in 6 Don Bosco and TESDA training centers. The number of current scholars as of the end of 2013 stood at 600.

2013 COCOFOUNDATION SCHOLARSHIP PROGRAM DONORS	
United Coconut Life Assurance Corp.	₱3,500,000
UCPB General Insurance Corp.	₱3,500,000
UCPB Securities, Inc.	₱670,000
UCPB-CIIF Finance and Development Corp.	₱3,500,000
Philippine Dev't. Alternative Foundation, Inc.	₱600,000
UCPB-Leasing and Finance Corp.	₱3,500,000
UCPB Savings Bank	₱6,000,000
Bataan Shipyard and Engineering Company, Inc.	₱2,200,000
Mid Pasig Land Development Corp.	₱1,000,000
United Coconut Chemicals, Inc. partners	₱218,000
Others	₱220,000
Total	**₱23,909,909**

Anchor Insurance Brokerage Corporation (AIBC)

AIBC registered a net income of ₱47.96 million in 2013, up five percent from ₱45.64 million in 2012, as revenues rose on higher insurance volume. Total revenues increased nearly 14 percent to ₱160.56 million from ₱141.07 million in the previous year.

AIBC was incorporated on 16 August 1983 and is 58 percent owned by San Miguel Corporation (SMC). The ultimate parent company is Top Frontier Investment Holdings, Inc. The Commission's current representation in the AIBC board of one seat is based on the government's interest in the CIIF-OMG companies, which own approximately 17 percent of AIBC.

The company is primarily engaged in brokerage for insurance, reinsurance, pre-need and health maintenance plans, consultancy and management including acting as general manager or general broker for any life or non-life insurance or reinsurance company doing business or authorized to do business in the Philippines.

Philippine Development Alternatives Foundation (PHILDAF)

PHILDAF registered a net income of P3.31 million in 2013, down 34 percent from the P5.06 million in the previous year, as total revenues from leasing operations declined 11 percent, from P18.58 million to P16.46 million, due to a fire that disrupted operations.

In 2013, PHILDAF decided to take on more meaningful endeavours. These include assistance for the reconstruction of damaged infrastructures of science high schools in select areas affected by Typhoon Yolanda and a scholarship program to support students taking up science-related courses.

PHILDAF, formerly Technology Resource Center Foundation, was incorporated to engage in the mobilization, encouragement and support of resources and expertise in the formulation of researches, policies and strategies for technology development, innovation and adaptation. In 1986, the foundation changed its name to reflect a broadening of its mission from primary specialization in technology transfer to direct involvement in urgent and complex social and economic development problems. It is a non-stock non-profit corporation that is being maintained by contributions, donations and whatever income it can generate out of its resources.

Intercontinental Broadcasting System (IBC 13)

IBC 13 is a broadcast company that operates radio, television and telecommunication stations. The company became 100 percent government-owned in 1992 following a compromise agreement between the PCGG and the previous registered owner, Roberto Benedicto.

In July 2010, pursuant to Executive Order No. 4, IBC 13 was placed under the direct supervision and control of the Presidential Communications Operations Office (PCOO).

Philippine Overseas Telecommunications Corporation (POTC) and Philippine Communications Satellite Corporation (PHILCOMSAT)

PHILCOMSAT is an enfranchised Philippine Public Telecommunications Entity (PTE) that was organized primarily to provide telecommunication services through space relay and repeater stations mounted on communication satellite, and to install, maintain and operate a satellite station. The company is owned 100 percent by POTC, a holding company where the Philippine Government holds a 35-percent interest. The remaining 65 percent is held by private entities.

As of the publication of this report, elected PCGG representatives to the POTC board of directors have been unable to discharge their duties. PHILCOMSAT has also not submitted any financial report to the Commission.

THE COMMISSION

Andres D. Bautista
Chairman

Appointed in 2010;
- CEO, Kuok Group Philippines
- Partner, Allen & Overy, LLP
- Dean, Institute of Law, Far Eastern University
- Co-founder, JD-MBA Dual Degree Program, FEU Institute of Law and DLSU School of Business
- Chairman and President, Philippine Association of Law Schools
- Member, Constitutional Reform Commission (under two administrations)
- Master of Laws, Harvard Law School, 1993
- Bachelor of Laws, Valedictorian, Ateneo Law School, 1990

Richard T. Amurao
Commissioner

Appointed in 2010;
- Consultant, Governance in Justice Sector Reform Program, Asian Development Bank
- Master of Laws, Chevening Scholar, London School of Economics, 2006
- Assistant Secretary, Office of the President
- Prosecuting Attorney, Department of Justice
- President, Student Council, Ateneo Law School,
- Juris Doctor, Evelio Javier Leadership Awardee, Ateneo Law School, 2001

Ma. Ngina Teresa V. Chan-Gonzaga
Commissioner

Appointed in 2010;
- Professor, Ateneo Law School
- Program Officer, Regional Working Group for an ASEAN Human Rights Mechanism
- Associate, Romulo Mabanta Buenaventura Sayoc and de los Angeles Law Offices
- Magister Juris, Chevening Scholar, Oxford University, 2008
- Juris Doctor, Valedictorian, Thomas Moore Awardee, Ateneo Law School, 2002
- 4th Place, Philippine Bar Examinations, 2003

Vicente L. Gengos, Jr.
Commissioner

Appointed in 2012;
- National Chairman, Sparks for Change Movement, Inc.
- City Councilor, Iloilo CIty (1995-2004)
- Chairman, Committee on Good Government, Iloilo City Council (1995-2001)
- President, Iloilo Chapter, Integrated Bar of the Philippines
- Partner, Padojinog, Amane, Gengos, Billena&Espana Law Offices
- Of Counsel, Gengos-Nietes, Laborte-Ildesa&Panigbatan-Nafarette Law Offices
- Bachelor of Laws, Cum Laude, University of Iloilo, 1988

IRC Building
82 EDSA, Mandaluyong City
1550 Philippines
http://pcgg.gov.ph